chip shortage may cripple vehicle output

Pandemic-caused uncertainties lead to supply chain limits for manufacturers

By LI FUSHENG and MA SI

A shortage of semiconductors necessitates finding the correct electronics component of automobiles in order to deliver vehicle production in China amid a growing demand for the products. Some automakers, who are struggling to purchase chips and produce components for China’s and global automobile industries, told China Daily that companies along the supply chains are working together on solutions, but the shortages may remain for a while.

German carmaker Volkswagen is one of the carmakers that is trying to redouble its efforts in finding electric vehicles and automobile components. The company’s head office, the VW China branch in Shanghai, has been working on the issue with the Ministry of Industry and Information Technology, the China Association of Automobile Manufacturers, and the Shanghai Fastener Industry Association.

Volkswagen Co Ltd, 3onedata Co Ltd and Suyun Technology Science and Technology approved the initial public offering (IPO) of Pylon Technologies Inc on the Shanghai Stock Exchange on December 2.

The company, which develops and manufactures high-end Li-ion batteries for electric vehicles, raised about 5.52 billion yuan via its IPO.

The Pylon Technologies’ share price opened at 21.22 yuan per share on its first trading day, up 93 percent from its initial public offering (IPO) price of 10.96 yuan.

By Tuesday, its share price had reached 29.72 yuan per share, up 18 percent from the IPO price.

Pylon Technologies was founded in 2014 and has developed the world’s first Li-ion battery system for electric vehicles that can support autonomous driving and self-charging.

Company Co-founder and President Li Songsong said the company has accumulated years of experience in system design and technology, system integration, and software and hardware development.

Moreover, US companies in China have no intention of pulling out or reducing their operations. About 82 percent of the respondents in a recent survey covering 123 US companies, said they have plans to move their manufacturing facilities offshore over the next three years.

The survey, conducted from Nov 9 to Nov 13, was released by the AmCham Shanghai last month.

China’s semiconductor companies have collaborated with chip designers to help several Chinese tech companies release their products.

China’s semiconductor companies have adapted to the new normal, and we wo not reflect the current shutdowns in the market, which is very different from the April lockdown in Europe and the US, said the Shanghai Chinese Industry and Commerce Association’s chairman Xu Zijian.

He said China’s supply chains have been proved to be very reliable during the COVID-19 pandemic. US companies expect China to provide more healthcare and social services products than in the pre-pandemic period (2019-2021), as it is important to other companies toward a more sustainable aging population.

Global experts agree that China’s total annual GDP targets over the next few years. Dropping these targets would give policymakers more time to plan for the long term, which is necessary as the demographic challenges in developed countries become more severe.

Honda’s researchers work on the production line of a Coca-Cola Ventures in Wuhan, capital of Hubei province. (Wang Qiyun / China Daily)

Amcham says China still a magnet for US firms

By ZHANG NIAN

China’s investment environment remained attractive to US enterprises in 2020 amid improving regulatory efforts, according to a chamber survey released on Monday.

Shadow banking, or typically lending outside the traditional financial system, has drawn high attention from policymakers due to its potential to further systemic risks and high leverage, and particularly catalyzing the development of financial system reform.

The sector can be a serious source of systemic risks, and improve related rules to further mitigate next year, with the situation at its peak in China earlier this year.

The country’s shadow banking and insurance and Insurance Regulatory Commission issued a joint statement on Aug 10, calling on the institutional investors” understanding of the A-share listed companies to remain unchanged.

Therefore, US investors may miss the chance of diversifying business, particularly in the semiconductor industry, and the business environment blacklisted by the US government.

Meanwhile, there are other investment channels, such as the Shanghai free-trade zone, the so-called “FTZ” investor, as well as the US-China Business Council, which is one of the most prominent forums between the US-China business communities.

China Daily has frequently highlighted its potential role in the global semiconductor industry. And it is important to ensure that US investors continue to have access to Chinese semiconductor companies, according to leading industry experts and analysts.

“China is the ‘new frontier’ for semiconductor companies, as US investors will have a significant opportunity to participate in the successful growth of China’s semiconductor industry,” said Hiroyuki Yamauchi, managing director of the McKinsey Global Institute.

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